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C O N F I D E N T I A L SECTION 01 OF 04 JAKARTA 013170

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DEPARTMENT FOR PM/RSAT, EAP/MTS, EAP/RSP

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TAGS: [MARR](#) [PREL](#) [PGOV](#) [MNUC](#) [RI](#)

SUBJECT: PM A/S HILLEN'S POLITICAL-MILITARY TALKS IN JAKARTA

Classified By: Ambassador B. Lynn Pascoe, for reasons 1.4 (b, d).

¶1. (C) Summary: Assistant Secretary for Political-Military Affairs John Hillen discussed a range of political-military issues with Indonesian Minister of Defense Sudarsono, Foreign Affairs Director General Hariyadhi and other public leaders in Jakarta on November 7. The discussions built on similar talks in February, 2006 and emphasized the need to give concrete expression to the maturing bilateral relationship in the form of agreements and other mechanisms for cooperation. Key topics were defense reform, a Status of Forces Agreement (SOFA), the Proliferation Security Initiative (PSI), Indonesia's UNIFIL deployment, the Global Peace Operations Initiative (GPOI) and the Defense Reform Management Study (DRMS). The Indonesians expressed support for increased bilateral political-military cooperation and welcomed further discussion on most of the agenda issues. Sudarsono underscored Indonesia's limited economic means for military development and its priority on disaster relief. A lengthy exchange on PSI with Foreign Affairs interlocutors elicited renewed statements of common interest but persisting reservations over its compatibility with the United Nations Law of the Sea (UNCLOS). End summary.

DEFENSE MINISTER SUDARSONO: DISASTER RELIEF, SLOW GROWTH

¶2. (C) In a meeting at the Department of Defense (DEPHAN), Defense Minister Juwono Sudarsono expressed appreciation for the lifting of the U.S. "embargo" on cooperation with the Indonesian military (TNI). This was allowing the TNI to rebuild its capabilities. For the immediate future, however, the emphasis would be on developing non-strike capabilities. Hillen said the embargo should be seen as an aberration, whereas now U.S.-Indonesian relations were becoming more normal. It was important to demonstrate progress in order to maintain the support of respective publics. The conclusion of a Status of Forces Agreement (SOFA) and an Article 98 agreement as well as Indonesian accession to the Proliferation Security Initiative (PSI) would provide concrete evidence of trust, good faith and a mutual commitment between the two countries. Hillen concurred that strike capabilities were less important for Indonesia at this time than counter-proliferation, counter-terrorism, maritime security, humanitarian assistance and disaster relief. Many of these challenges were transnational or even regional in scope, and bilateral military cooperation would increase regional capabilities to address them.

¶3. (C) On military reform, Sudarsono said a priority was to redesign the responsibilities of the TNI in Indonesia's provinces, i.e. modify the traditional "territorial system"

inherited from the past, but this would require time. Only a third of Indonesia's provinces had sufficient civilian cadres to meet local needs in public services such as disaster relief, schools and so forth. Because civilian resources were still weak, there was still a real need for TNI involvement in local communities. Sudarsono predicted the next 15 years would see considerable popular unrest if economic development did not keep pace with heightened expectations. Half of the country's population remained below the poverty line, and this had to be factored into the equation military reform and expenditures. Hillen pointed out that military cooperation offered a broad range of U.S. tools and resources which could help Indonesia to address these problems.

...UNIFIL AND PEACEKEEPING TRAINING

14. (C) Regarding Indonesia's participation in the United Nations Forces in Lebanon (UNIFIL) and Indonesia's plans to develop a regular cadre of peacekeeping forces, Sudarsono noted that Indonesia historically had contributed PKO troops. UNIFIL would be Indonesia's first multilateral involvement in a hostile situation, however. Hillen emphasized UNIFIL's objective was to secure southern Lebanon but also to facilitate the transition to Lebanese state control of its own territory. Hizbollah was a significant force and had to be disarmed. The disarmament and integration of Hizbollah was the job of the Lebanese forces, but this would take time and would not be easy. Lebanon's military must be strengthened to restore security to the country. The United States was committing substantial assistance to the reform of the Lebanese armed forces. Sudarsono said the Indonesian contingent would be deployed in eastern Lebanon along the

JAKARTA 00013170 002 OF 004

blue line, in the Sheba Farms vicinity, but lacked a demining capability. Noting that USG had worked to overcome Israeli resistance to Indonesian participation in UNIFIL and to find funding to transport Indonesian forces to Lebanon, Hillen said the United States could also help Indonesia on demining through the UN Mine Action Program. Indonesia's presence in Lebanon marked a quick and significant return on the PKO training the U.S. military had given Indonesia earlier in the year.

15. (C) Sudarsono said he hoped the UNIFIL experience and further PKO training would produce a standing reserve trained and equipped for PKO deployment. These forces could also if necessary be deployed in Papua, central Sulawesi and other areas of ethnic conflict within Indonesia. The Indonesian military was still needed domestically, and President Yudhoyono was committed to this strategy. In so doing, the TNI would support the development of democracy. Economic development would be essential, however, for this to succeed. Over three quarters of Indonesia's poor were Muslims, and raising the welfare of the people would reduce Islamic radicalism.

... MILITARY BUDGET

16. (C) Responding to reports that the Indonesian state military budget was increasing 15-20 percent per year, Sudarsono said the TNI's divestiture of its business operations was supposed to be completed by 2009. He stressed, however, that of the 1500 or so business operations owned or operated by the TNI, the vast majority involved local cooperatives and only six or seven had a value of over \$50,000. These few would be taken over by the Department for State Enterprises by 2008. The rest would be required to comply with regulations for profit-making organizations. For the next five years, the military expected to meet only half of its basic needs through central budgeting, while the rest would have to come from local support. However, the "big octopus" of TNI business operations of the past was gone.

17. (C) On next steps in bilateral military-to-military

cooperation, Sudarsono noted that the \$12 million in U.S.-donated medical equipment and supplies had been distributed to local hospitals in Indonesia, civilian as well as military. He said any field-hospital and other basic equipment, including things as simple as mosquito netting, would be useful.

¶8. (C) Hillen described the U.S. response to the coup in Thailand as restrained but making clear that the country needed to return to democracy before normal military cooperation could be resumed. Sudarsono commented that Prime Minister Thaksin had tried to be more popular than the king and that this was a good lesson for the Indonesian military. The U.S. response had been the correct one and had sent the right message, but the United States should also welcome transitional steps on the road back to democracy. The Thai public must respond to make this transition succeed. Thai society was sufficiently wealthy and ethnically homogeneous to allow the country to recover quickly.

LUNCHEON WITH PUBLIC LEADERS

¶9. (C) In a luncheon discussion with experts, editors, legislative deputies and government officials, A/S Hillen stressed Washington's positive view of the developing military-to-military relationship and appealed for their active engagement to shape the bilateral relationship. It was important to maintain public support for counter-terrorism, nonproliferation, maritime security and disaster relief. Regional rivalries based on number and sophistication of military hardware were counterproductive and a legacy of the past and should give way to regional cooperation on common challenges. It was important to show progress in order to maintain public support for cooperation.

¶10. (C) Secretary General Imron Cotan from the Department of Foreign Affairs (DEPLU) said Indonesia had turned to Russia for military equipment because of the U.S. embargo and Russia continued to offer attractive terms. However, most of Indonesia's existing equipment was still U.S. and so it was natural to look again to the United States for future equipment procurement. Cotan and Commission I Chairman Theo Sambuaga of the National Legislature (DPR) highlighted the

JAKARTA 00013170 003 OF 004

current DPR debate over whether civilian law enforcement officials and civilian courts should have legal jurisdiction over military personnel. Sambuaga also stressed the need to eliminate illegal business dealings within the military which, he asserted, mainly benefited senior officers, set a bad example for the rank and file and undermined morale. Although budgetary means were still limited, the DPR and DEPHAN were working to raise military salaries to reduce incentives for corruption. National Employers Association Board Chairman Sofyan Wanandi said the number of viable TNI businesses was very small, while Tempo Magazine Editor-in-Chief Bambang Harymurti pointed out that TNI assets in some cases included schools, hospitals and other public facilities, some of which were very lucrative but represented a significant sum in terms of compensation if the TNI were to turn them over. Cotan said Indonesia's UNIFIL deployment was for the duration of the mission. Hillen stressed that the UNIFIL mandate was a chapter 7 mandate in everything but name and that UNIFIL troops would be expected to take action against violations.

DEPARTMENT OF FOREIGN AFFAIRS ROUNDTABLE

¶11. (C) In the main discussion with the Department of Foreign Affairs (DEPLU), A/S Hillen said the bilateral political-military relationship was doing well. It should become strong enough that small incidents would not sidetrack it. The new security environment of non-traditional, transnational threats provided a focus for common interests,

including nonproliferation, counter-terrorism, maritime security and disaster relief.

... STATUS OF FORCES AGREEMENT (SOFA)

¶12. (C) DEPLU Director General for Europe and the Americas Eddy Hariyadhi cited recent talks on a Status of Forces Agreement (SOFA) as a sign of progress in the relationship. He had had a productive exchange with Ambassador Loftis in early October and had ended by leaving the door open to further talks. Hillen said conclusion of a SOFA would send a strong signal of bilateral progress. The United States had such arrangements with most of its friends and allies and it could be considered a pedigree for a serious relationship. A SOFA would anchor the relationship, providing stability when incidents occurred, but also would facilitate quicker responses when prompt action was needed.

¶13. (C) Hillen described continued Indonesian military reform as a pacing mechanism which provided the measure for political-military cooperation. On strengthening civilian authority, Hariyadhi said Indonesia had adopted a one-door policy of military procurement in July, 2006 requiring DEPHAN approval of all military purchases. Hillen stressed the importance of the Defense Resource Management Study (DRMS) and the need to move forward with it. Ambassador Pascoe and Embassy Security Assistance Officer Col. Ken Comer explained the importance of U.S. licensing requirements and noted that in most cases problems arose from improperly completed applications and did not represent a denial. USG had conducted training sessions for Indonesian defense officials in purchasing under the Foreign Military Sales (FMS) and other assistance programs, and would continue to offer these to ensure continuity of DEPHAN institutional knowledge of the process.

... UNIFIL DEPLOYMENT

¶14. (C) On Indonesia's deployment of a peacekeeping contingent for UNIFIL in Lebanon, Hillen underscored the mission's purpose was to support UN Security Council Resolutions 1559 and 1701, both of which had been passed unanimously, and UNSCR 1701 in particular was designed to end Hizbollah's status as a separate armed entity. Some Hizbollah elements would resist this move, and UNIFIL troops should be prepared to enforce their mandate. This was important for restoring Lebanese sovereignty and stability and dialogue in the Middle East but also for containing Iran's influence in Lebanon. Muslims throughout the world wanted peace in the Middle East and the United States was working to restore dialogue between Israel and the Palestinians. The United States welcomed the opportunity to assist Indonesia's deployment. Indonesian Acting Deputy Director for International Security Yonatri Dilmunia thanked USG for its assistance.

JAKARTA 00013170 004 OF 004

... PROLIFERATION SECURITY INITIATIVE (PSI)

¶15. (C) Iran's nuclear program presented a second security threat, Hillen said, which was destabilizing for the Middle East and beyond. Once Iran had nuclear weapons, Saudi Arabia and other Arab nations might seek them, too, and the world could expect to see new nuclear weapons states in the next decade. This was not in the interest of either the United States or Indonesia. The Proliferation Security Initiative (PSI) was an effective mechanism for containing Iran's ambitions as well as other types of proliferation. The Iranian and North Korean nuclear programs would likely dominate the UN Security Council agenda during Indonesia's tenure on it. Indonesia should consider this as it framed its UNSC strategy and consider what it could do to help stop proliferation now. Joining PSI was one way to accomplish this. Ambassador Pascoe added that the Indonesian proposal

for a "bilateral PSI" was ill-defined and that the international community needed to be able to take concerted and quick action against defined proliferators. Indonesia would soon have the radars necessary to assist in this effort in the Strait of Malacca. U.S. objectives were to strengthen the control of Indonesia and its neighbors over the international waters in the region. Deputy Director for Regional Security and Arms Transfers Henry Tucker suggested that if Indonesia could not sign on now to PSI, at least it could publicly endorse PSI principles and announce its intention to enforce its territorial sovereignty in respect to illicit transport. Accession did not obligate Indonesia to act if it did not wish to.

¶16. (C) Hariyadhi said Indonesia shared U.S. concerns on substance but had reservations about interdiction. Hillen said the two sides should continue to explore options but keep a full PSI on the table as one of them. The effectiveness of the initiative was growing exponentially with every new member, and Indonesia's accession as the world's fourth most populous country would have a substantial impact. Some states were quiet members, which was also acceptable. Cooperation involved sharing intelligence, training and interdiction. Other maritime nations had joined PSI, and a way could be found to accommodate the Indonesia's legal requirements. Eventually the initiative might reach the scope of a UN operation, but PSI would not be saddled with bureaucratic process and protracted discussion. This was a serious consideration with Iran seeking a seat on the UN Disarmament Committee. Hariyadhi thanked the U.S. delegation for the update but restated the Indonesian position that PSI exceeded the UN Law of the Sea.

... GLOBAL PEACE OPERATIONS INITIATIVE (GPOI)

¶17. (C) On the Global Peace Operations Initiative (GPOI), Hillen expressed satisfaction that the two sides had been able to move quickly earlier in the year to establish cooperation on peacekeeping training. This had helped to facilitate U.S. support for Indonesia's UNIFIL deployment. GPOI was a G-8 initiative involving a U.S. contribution of \$660 million over five years. It was especially aimed at African and Asian partners. The United States wanted to find ways to support the training center that Indonesia was establishing, though U.S. funding could be used only for military, but not for police, training.

¶18. (U) This message was cleared by Assistant Secretary Hillen.
PASCOE